

Education and Workforce Development Cabinet

Kentucky's jobless rate drops to 6 percent in November

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FRANKFORT, Ky. (Dec. 18, 2014) — Kentucky's seasonally adjusted preliminary unemployment rate dropped to its lowest rate in more than six years in November 2014 at 6 percent from a revised 6.2 percent in October 2014, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. This is the lowest rate for the state since April 2008 when it was 5.9 percent.

The preliminary November 2014 jobless rate was 2.1 percentage points below the 8.1 percent rate recorded for the state in November 2013.

"The labor market has improved markedly in 2014. The 6 percent unemployment rate is the lowest in over six and a half years," said economist Manoj Shanker of the OET.

"The 2.1 percentage point drop in November from a year ago was last seen over 30 years ago. To put that in perspective: the last time such a steep drop occurred was when Ronald Reagan was a month away from winning his second term in office and The Terminator was just released."

The U.S. seasonally adjusted jobless rate for November remained unchanged from the previous month at 5.8 percent, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In November 2014, Kentucky's civilian labor force was 1,993,607, a decrease of 3,260 individuals compared to the previous month. Employment was up by 1,419, and the number of unemployed declined by 4,679.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment increased by 5,300 jobs in November 2014 from the month before, and by 38,700 positions since November 2013.

"This year we have had steady nonfarm job growth. In the last three months we have added an average of over 32,000 jobs per month from a year ago," said Shanker. "Moreover, our job market has now recouped all the jobs lost during the Great Recession."

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, seven of Kentucky's 11 major nonfarm North American Industry Classification

System (NAICS) job sectors registered gains in employment, while three declined and one stayed the same from the previous month.

Kentucky's trade, transportation and utilities sector gained 2,300 jobs in November 2014 compared to October 2014. From a year ago, employment has grown by 9,900 jobs or 2.7 percent. This is the largest sector in Kentucky accounting for one-fifth of all nonfarm jobs.

Job growth from last November was across the board with transportation, warehousing and utilities showing a robust 5,800 job increase, wholesale adding 2,400 and retail trade gaining 1,700 jobs.

"The Consumer Sentiment index is at a post-recession high, and this translates into increased holiday spending. Even after adjusting the data for seasonal factors, hiring is strong especially at drop-shipping centers and warehouses," said Shanker.

Employment in the educational and health services sector increased by 1,100 positions in November 2014, and gained 6,400 jobs over the year. Health care jobs, which account for nearly 90 percent of employment in this sector, had a month-to-month increase of 1,000 jobs in November and expanded by 5,300 positions over last year.

Employment in the government sector, which includes public education, public administration agencies and state-owned hospitals, rose by 1,100 in November 2014, and 1,800 positions this last November.

The construction sector gained 900 jobs in November 2014 from a month ago. Since November 2013, employment in construction has declined by 2,400 positions.

The information sector increased by 700 jobs in November 2014. This segment has risen by 1,300 positions since November 2013. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, expanded by 300 positions in November from a month ago. This sector posted an increase of 400 jobs from a year ago.

The state's professional and business services added 200 positions in November 2014 from a month ago. The year-over-year gain was more substantial with the addition of 10,900 jobs, or 5.3 percent. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services and payroll processing. The month-to-month gain came principally from the subsector associated with administration and support, and waste management.

"The surge in support services jobs is usually balanced by slim growth in other sectors, especially manufacturing. Growth in business services is a key indicator of economic health. As industries expand the initial preference is to hire workers from temporary services," said Shanker.

Kentucky's manufacturing sector held steady from October 2014 to November 2014. Since November 2013, employment in manufacturing has increased by 2,700 jobs.

"Employment in the nondurable goods sector has fallen on an over-the-year basis, while there has been strong growth of well over 3 percent in durable goods employment," said Shanker.

The leisure and hospitality sector posted a drop of 100 positions in November 2014. Since November 2013, this sector has grown by a substantial 10,800 jobs for an increase of 6.1 percent. This sector includes arts, entertainment, recreation, accommodation and food services.

Employment in the mining and logging sector decreased by 400 in November 2014. The industry has lost 300 jobs since last November.

The financial activities sector fell by 800 jobs from a month ago. The sector has lost 2,800 positions over the last 12 months.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.